

AUSAM ENERGY CORPORATION

For Immediate Release
Calgary, Alberta
(TSX Venture Exchange –symbol “AUZ”)

October 25, 2004
Common Shares Outstanding: 28,231,293

AUSAM ENERGY ANNOUNCES INCREASED FINANCING

CALGARY, ALBERTA, Monday, October 25, 2004: Ausam Energy Corporation (“Ausam” or the “Company”) is pleased to announce that it is increasing the amount of its previously announced financing.

Ausam is now proceeding with brokered and non-brokered private placements of Units at \$0.75 per unit in Canada and other jurisdictions to a maximum of \$8 million, an increase of \$3 million from the amount previously announced. The brokered portion of this financing will be up to a maximum of \$5 million. Each Unit comprises one Common Share and one half of one Common Share Purchase Warrant where each warrant entitles the holder to acquire one Common Share at a price of \$1.00 per share at any time twelve months after issuance. Closing of this private placement is expected to occur on October 29, 2004.

Ausam has retained Dundee Securities Corporation as its Agent on a best efforts basis with respect to brokered portion of the financing. The Agent will earn a commission of 8% of the gross proceeds of the funds it raises in the financing and will also receive non-transferable brokers’ warrants entitling the Agent to acquire the number of Common Shares equal to 8% of the number of Units sold by the Agent pursuant to the financing, at an exercise price of \$0.75 per share, for a period of 18 months from the date of closing (the “Brokers’ Warrants”). In addition, Ausam may pay a cash commission to certain parties of up to 8% of the gross proceeds raised on the \$3 million non-brokered portion of the financing and such parties may also receive non-transferable Brokers’ Warrants entitling them to acquire the number of Common Shares equal to 10% of the number of Units sold by such parties in the offering.

Proceeds from the financing will be used to fund the Company’s oil and gas development and exploration program in Queensland, Australia. Ausam has raised gross proceeds of \$5.2 million in previous financing in 2004.

All funds are in Canadian dollars.

About Ausam

Ausam is a public company trading on the TSX Venture Exchange. Ausam, through its Australian subsidiary Ausam Resources Limited, is engaged in the business of oil and natural gas development and exploration in Queensland, Victoria and Western Australia. Since 1999, Ausam has spent \$15 million identifying and assessing prospects, acquiring acreage, and drilling opportunities onshore Australia. Ausam presently owns interests in approximately 3.6 million gross (2.3 million net) acres of exploration lands onshore Australia.

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The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release. This news release may contain forward-looking information. Actual future results may differ materially from those contemplated.